

## Sales of International and Interstate Telecommunications Used in the Operation of Qualified Call Center

## Sales & Use tax notice #04-35

Tenn. Code Ann. Section 67-6-356 provides an exemption from sales and use tax for interstate telecommunications sold to a business for use in the operation of a call center.

“A ‘call center’ is a single location that utilizes telecommunication services in one or more of the following activities: customer services, soliciting sales, reactivating dormant accounts, conducting surveys or research, fund raising, collection of receivables, receiving reservations, receiving orders, or taking orders.”

In order for a business to be eligible for the sales tax exemption for a “call center,” it must have at least 250 employee jobs engaged primarily in the above “call center” activities.

**Changes effective July 1, 2004:** Public Chapter 782 provides for changes to Tennessee statutes to add new and modern definitions, including telecommunications services - intrastate, interstate and international. Tennessee statutes now provide the furnishing of intrastate, interstate and international telecommunications that are sourced to Tennessee, whether billed to a consumer on a call-by-call basis or some other basis, are subject to sales tax. Internet access and information services are specifically excluded from the definition of telecommunications services. Interstate and international telecommunications services are telecommunications services that originate or are received in a state other than Tennessee or in a country other than the United States, District of Columbia and its territories. Consistent with these new definitions, the exemption for interstate telecommunications sold to a business for use in the

operation of a call center has been amended to include international telecommunications services.

**Purchasers:** The application and certificate of exemption forms have been revised to reflect both international and interstate telecommunications sold to a qualified business for use in the operation of a call center are exempt from tax. Previously qualified businesses operating call centers **do not** need to complete a new application. The department will issue a new exemption certificate to those who have previously qualified to make such purchases exempt from tax. Once the new exemption certificate is received, a copy must be provided to the sellers of interstate and international telecommunications that will be used in the operation of the call center. Any business operating a call center making purchases of international and interstate telecommunication services that does not maintain 250 employee jobs during the month shall be liable for the sales tax on such services at the state rate of 7.5%. There is no local tax on international and interstate telecommunications services sold to businesses.

**Telecommunications service providers:** Sellers should continue to exempt both interstate and international telecommunications sold to purchasers who have issued exemption certificates dated prior to July 1, 2004. Tennessee statutes provide that no telecommunications service provider may sell international and interstate telecommunications services under claim of exemption unless the purchaser has been issued an exemption certificate authorizing the tax-exempt purchase.

**Other telecommunications services:** Local and intrastate telecommunication services used in the operation of a call center are not exempt from state and local sales tax.

**New applications:** Persons wishing to qualify to purchase tax-exempt interstate and international telecommunications service used to operate a call center may obtain an application from the department's Web site. Applications must be submitted to: Tennessee Department of Revenue, Taxpayer Services Division, Attn: Call Center, Andrew Jackson State Office Building, 3<sup>rd</sup> Floor, Nashville, TN 37242.

**This notice replaces the December 1999 notice *Interstate Telecommunications Sold to Qualified Call Centers*.**

**For additional information:** See Notice #04-13 *Sales of Telecommunications Services*.

If you have any questions, you may call any of our HELP NUMBERS:

Chattanooga	(423) 634-6266
Jackson	(731) 423-5747
Johnson City	(423) 854-5321
Knoxville	(865) 594-6100
Memphis	(901) 213-1400
Nashville	(615) 253-0600

Tennessee residents may also call our statewide toll-free number at (800) 342-1003. Out-of-state callers may dial (615) 253-0600.

For more information, visit the department's Web site [www.Tennessee.gov/revenue](http://www.Tennessee.gov/revenue).

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